RHNA Methodology Recommendations and Policy Guidance

CEHD RHNA Subcommittee

November 2, 2006

Southern California Association of Governments

Framing a Needs Assessment

The purpose of determining a regional housing needs methodology is to arrive at a regional construction need determination (the assessment in RHNA) which is then allocated by jurisdiction and by income categories using a "fair share" adjustment as part of the Housing Needs Allocation.

RHNA Subcommittee Mission

Assignment from Regional Council: Proceed with RHNA and implementation of the Pilot Program

Mission: To provide policy guidance for preparation of RHNA Methodology and the RHNA

Representation: Be comprised of two elected officials (member and alternate) from each county

Policy Topics

• Fair Share / Over Concentration

• Housing Cost / Vacancy Adjustment

• Market Demand

• Farm Worker Housing Needs

• Loss of Assisted Units at risk of conversion to market rate housing

Issues and Recommendations

1. **Guidance on how to consider AB 2158 factors in the distribution of housing need**
   - **Housing Cost – Adopt a higher future need effective vacancy rate in non-impacted localities (3.5% vs. census vacancy rate)**
   - **Market Demand – Adequately considered in forecast**
   - **Loss of Assisted Units – Provide Units at Risk data**
   - **Farm Worker Needs – Provide data**
2. **Recommend a Fair Share Policy to avoid over concentration of households by income group**
   - **110% of the Way Policy toward equivalency with the County income group distribution**

Regional "Fair Share"

The Subcommittee recommends a 110% adjustment

What are the fair share goals?

- **Fair and equitable distribution of growth between cities and unincorporated areas**

- **Fair and equitable diversity of different income groups within a community**

Fair Share Policy Guides Diversity

Housing Law Mandates

1. The definition of four income groups in relation to the county median income: very low, low, moderate and above moderate.

2. The avoidance of over concentration of any one income group, especially very low and low income
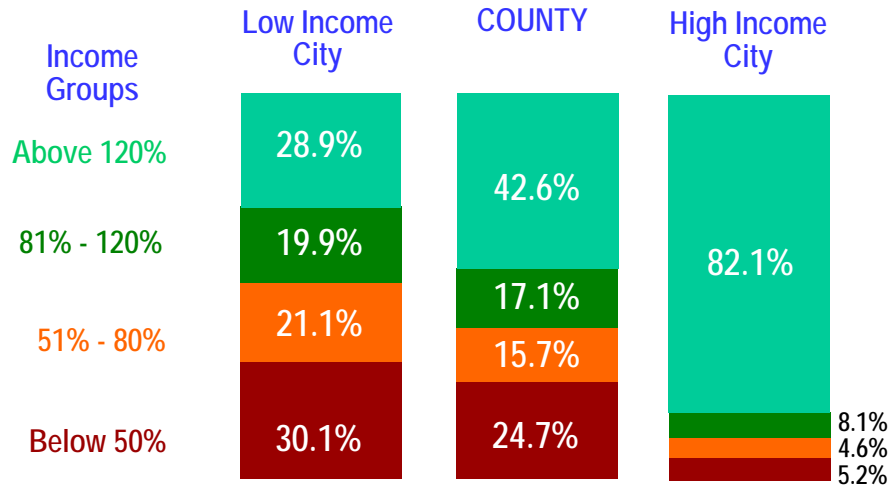
What is the major issue?

The goal (% shift) and the rate (time period) at which localities move toward the county income distribution and/or beyond.

How would this work?

Here are two extreme cases demonstrating how a **VERY LOW INCOME CITY** and a **VERY HIGH INCOME CITY** might move toward their county income distribution.
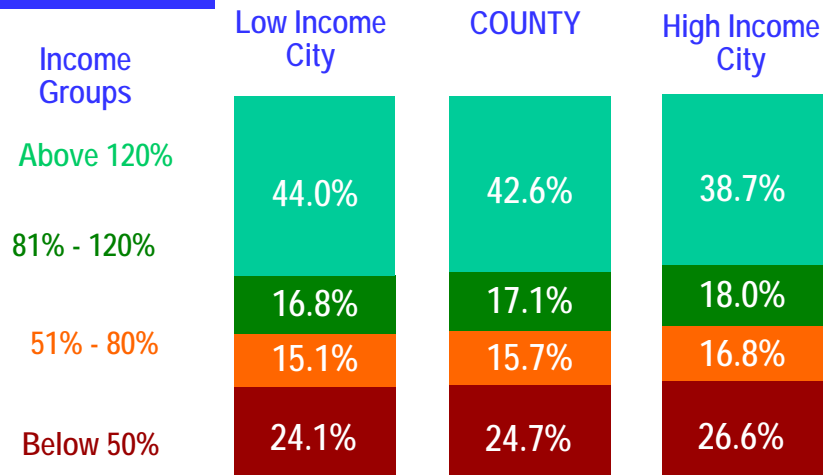
NOTE: Most cities more closely parallel their county income profiles.

Distribution of Households Relative to Median HH Income

Income Groups	Low Income City	COUNTY	High Income City
Above 120%	28.9%	42.6%	82.1%
81% - 120%	19.9%	17.1%	8.1%
51% - 80%	21.1%	15.7%	4.6%
Below 50%	30.1%	24.7%	5.2%

110% Movement Toward County Income Distrib.

Income Groups	Low Income City	COUNTY	High Income City
Above 120%	44.0%	42.6%	38.7%
81% - 120%	16.8%	17.1%	18.0%
51% - 80%	15.1%	15.7%	16.8%
Below 50%	24.1%	24.7%	26.6%

LOW Income City Moving 110% Toward County

Income Groups	Current Need by Income Group	110% Fair Share Adjustment	110% Construction Need
Above 120%	753	+391	1144
81% - 120%	519	-81	438
51% - 80%	550	-156	394
Below 50%	785	-154	631

HIGH Income City Moving 110% Toward County

Income Groups	Current Need by Income Group	110% Fair Share Adjustment	110% Construction Need
Above 120%	318	-168	150
81% - 120%	31	+38	69
51% - 80%	18	+47	65
Below 50%	20	+83	103

110% Movement Toward County Income Distrib.

Income Groups	Low Income City	COUNTY	High Income City
Above 120%	44.0%	42.6%	38.7%
81% - 120%	16.8%	17.1%	18.0%
51% - 80%	15.1%	15.7%	16.8%
Below 50%	24.1%	24.7%	26.6%

Thank You